



GAIL FARBER, Director

## COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

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ALHAMBRA, CALIFORNIA 91803-1331

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ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

March 15, 2016

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

27 March 15, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

**SERVICE CONTRACT  
AMENDMENT 6 TO AGREEMENT NO. 64424 FOR SERVICE CONTRACT  
FOR THE MANAGEMENT AND OPERATION OF THE FIVE COUNTY OF  
LOS ANGELES AIRPORTS: BRACKETT FIELD, COMPTON/WOODLEY,  
GENERAL WM. J. FOX AIRFIELD, SAN GABRIEL VALLEY, AND WHITEMAN  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

### SUBJECT

This action is to approve Amendment 6 to Agreement No. 64424 for the management, operation, and maintenance of the five County of Los Angeles airports: Brackett Field, Compton/Woodley, General Wm. J. Fox Airfield, San Gabriel Valley, and Whiteman to modify various contract terms and provisions; incorporate several Board-mandated contract policies established after Amendment 5 was executed; and to include the recently amended Living Wage Program.

### **IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the recommended action in this Board letter is not a project pursuant to the California Environmental Quality Act.
2. Approve Amendment 6 to Agreement No. 64424 with American Airports Corporation for the management, operation, and maintenance of the five County of Los Angeles airports, authorizing changes to various contract terms and provisions, including increasing payments to the County of Los Angeles; establishment of a maintenance fund and marketing fund; requiring compliance with several Board-mandated contract policies established after Amendment 5 was executed; and requiring compliance with the amended Living Wage Ordinance.

3. Authorize the Director of Public Works or her designee to execute the amendment upon proper execution by the contractor and approval as to form by County Counsel and to approve and execute amendments to incorporate necessary changes within the scope of work.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

This purpose of the recommended action is to approve Amendment 6 to Agreement No. 64424 for the management, operation, and maintenance of the five County of Los Angeles airports: Brackett Field, Compton/Woodley, General Wm. J. Fox Airfield, San Gabriel Valley, and Whiteman to incorporate changes to various contract terms and provisions, including increasing payments to the County of Los Angeles; establishing maintenance and marketing funds; requiring compliance with several Board-mandated contract policies established after Amendment 5 was executed; and requiring compliance with the amended Living Wage Ordinance (LWO).

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs the provisions of Operational Effectiveness/Fiscal Sustainability (Goal 1), Community Support and Responsiveness (Goal 2), and Integrated Services Delivery (Goal 3). The contractor who has the specialized expertise to provide the services accurately, efficiently, timely, and in a responsive manner will support Public Works in meeting this Plan.

### **FISCAL IMPACT/FINANCING**

Sufficient revenues will be generated for the Aviation Enterprise Fund to maintain the airport system. The contractor also agreed to pay an additional \$200,000 annually, bringing the estimated annual contract payments to over \$4.3 million. The additional \$200,000 will be paid in 12 equal monthly payments and posted into the Aviation Enterprise Fund. The additional monthly payments will begin April 2016. There will be no negative impacts to the County General Fund from implementing the terms of this amendment.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On January 22, 1991, the Board approved Agreement No. 64424 with American Airports Corporation, located in Santa Monica, California, for management, operation, and maintenance of the County Airports. The agreement was for an initial 20 year period with two 5-year renewal options for a maximum potential contract term of 30 years. The original term of 20 years expired on March 31, 2011. The agreement is currently in its first optional 5-year term. The Director of Public Works or her designee desires to exercise the second renewal option to extend the agreement; and along with the current contractor, American Airports Corporation, mutually desires to amend the existing terms to incorporate changes to various contract terms and provisions; require compliance with several Board-mandated contract policies established after Amendment 5 was executed; and to require compliance with the amended LWO.

Amendment 1 dated June 3, 1991, incorporated various provisions required by the Federal Aviation Administration. Amendment 2 dated July 12, 1994, authorized the contractor to guarantee its performance with either a letter of credit or a performance bond. Amendment 3 dated April 25, 1995, reduced the per gallon fuel flowage fee paid to the County and also reduced the base level gallons of fuel that the County based its minimum fuel-dispensing payments upon. Amendment 4 dated July 2, 2002, terminated Amendment 3, further reduced the per gallon fuel flowage fee, and no

longer required the fuel-dispensing payment to be based on a minimum number of gallons sold. Amendment 4 also required compliance with the County's Living Wage Program and several contracting policies, including jobsite safety, recycled-content paper products, contractor's responsibility and debarment, employee notification of possible Federal Earned Income Credits, and consideration for the Department of Public Social Services Greater Avenues for Independence program. Amendment 5 provided an increase in the percentage-of-revenue payments to the County from approximately 43 to 45 percent, eliminated the contractor's right to reduce fuel-dispensing payments to the County for discounts given to lessees or others; placed a 5 percent cap on the contractor's ability to recover a portion of its overhead expenses related to special projects; eliminated the County's participation in offsetting a portion of the contractor's possessory interest tax obligation; and provided the contractor with additional guidance for several scope of work items, maintenance, and repair services.

The approval of Amendment 6 will be in full compliance with Federal, State, and County regulations. The agreement contains terms and conditions in compliance with the Board's ordinances, policies, and programs.

Amendment 6, which is substantially reflected in the enclosed form (Enclosure), provides for an increase of \$200,000 in the annual payment from the contractor and creates segregated funds for maintenance and for marketing and community outreach. The Contractor will provide an audited financial statement for the 2015 fiscal year. Additionally, County provisions relating to the LWO amendments, the criminal background requirements, the County Contract Database/CARD, the Disabled Veteran Business Enterprise, and compliance with Labor Code provisions are incorporated into the contract through Amendment 6. Other than as amended by Amendment 6 the terms and conditions of the agreement will continue in full force and effect. The Director of Public Works or her designee will execute the amendment in accordance with the Board's authorization and only upon proper execution by the contractor and approval as to form by County Counsel.

The contractor has agreed to pay their full-time employees the current Living Wage Rate approved by the Board on December 8, 2015, and to comply with the County's Living Wage reporting requirements. The County's LWO provision applies to this agreement, as County employees can perform these contracted services. This agreement complies with all of the requirements of the Los Angeles County Code, Section 2.201. The contractor will pay its full-time employees the required minimum rates as specified in the LWO adopted by the Board and will comply with the County's Living Wage reporting requirements.

## **ENVIRONMENTAL DOCUMENTATION**

Approval of Amendment 6 is not a project pursuant to the California Environmental Quality Act (CEQA) because it is an activity that is excluded from the definition of a project by Section 15378(b) of the State CEQA Guidelines. The proposed action is an administrative and funding activity of government, which will not result in direct or indirect physical changes to the environment.

## **CONTRACTING PROCESS**

On July 24, 1990, Public Works solicited proposals to firms within the aviation industry. In addition, advertisements were placed in 10 newspapers throughout California and three aviation periodicals. Nearly 100 copies of the Request for Proposals (RFP) were distributed.

The Honorable Board of Supervisors

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While four firms responded, only the proposal from Comarco, Inc., was responsive to the RFP. On January 22, 1991, the Board approved the agreement with Comarco, Inc., which was assigned to American Airports Corporation on April 1, 2001.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the amendment will continue the current contract services.

**CONCLUSION**

Please return one adopted copy of this letter to the Department of Public Works, Architectural Engineering Division.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gail Farber".

GAIL FARBER

Director

GF:JQ:so

Enclosures

c: Chief Executive Office (Rochelle Goff)  
County Counsel  
Executive Office  
Internal Services Department, Contracts  
Division (w/o enc.)

AMENDMENT 6 TO AGREEMENT NO. 64424 FOR  
MANAGEMENT, OPERATION, AND MAINTENANCE  
OF THE COUNTY AIRPORTS

THIS AMENDMENT 6 to AGREEMENT No. 64424, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2016, effective the 1st day of April 2016 (hereinafter referred to as the EFFECTIVE DATE of this Amendment),

BY AND BETWEEN

COUNTY OF LOS ANGELES, a body  
corporate and politic (hereinafter referred to as  
COUNTY),

AND

AMERICAN AIRPORTS CORPORATION  
(hereinafter referred to as CONTRACTOR),

WITNESSETH:

WHEREAS, COUNTY and CONTRACTOR's predecessor-in-interest entered into Agreement No. 64424 on January 22, 1991, for the management, operation, and maintenance of COUNTY's system of airports; and

WHEREAS, Section 51, paragraph 1, of Agreement No. 64424 permits it to be modified by mutual consent of both parties; and

WHEREAS, COUNTY is authorized to enter into, and carry out this Amendment 6 in accordance with Government Code 25536 and 25536.5; and

WHEREAS, the Director of the Department of Public Works of COUNTY, herein referred to as DIRECTOR, is the designated representative for the Board of Supervisors of COUNTY for all matters described herein; and

WHEREAS, CONTRACTOR and its predecessor-in-interest have completed over 24 years of satisfactory performance of Agreement No. 64424; and

WHEREAS, DIRECTOR and CONTRACTOR have negotiated and agree to increase the payment to COUNTY; and

WHEREAS, CONTRACTOR agrees to increase the minimum wage of its employees, without reducing other employment benefits it currently provides; and

WHEREAS, CONTRACTOR and COUNTY recognize the need to improve marketing, community events, and maintenance and CONTRACTOR agrees to allocate funds for each of these items; and

WHEREAS, CONTRACTOR agrees to be responsible for payment of all taxes related to periods after the Effective Date; and

WHEREAS, CONTRACTOR agrees to provide profit and loss statements containing revenue and expense data for the operation and maintenance of COUNTY's system of airports; and

WHEREAS, the COUNTY, since the award of the original agreement and Amendments 1 through 5, has adopted contracting policies that apply to Agreement No. 64424 regarding Contractor's Employee Criminal Background Investigation; Contractor Alert Reporting Database (CARD) (August 1, 2011), Disabled Veteran Business Enterprise (DVBE) Preference Program (December 1, 2013); and

WHEREAS, the Living Wage Program (Sections 2.201.010 through 2.201.100 of the Los Angeles County Code also known as Living Wage Ordinance (LWO) was amended on December 8, 2015, to remove the two-tiered rate structure to include part-time employees, and to set a graduated rate increase to the living wage that employers must pay to employees upon the identified effective dates (Living Wage) as follows:

Effective Date	Hourly Rate
March 1, 2016	\$13.25
January 1, 2017	\$14.25
January 1, 2018	\$15.00
January 1, 2019	\$15.79
January 1, 2020	The Living Wage rate will be adjusted based on the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the 12-month period preceding July 1 of each year.

WHEREAS, the Board directed that all current COUNTY contracts subject to the Living Wage Program be amended to reflect the new rates when the contracts were either renewed for their option-year or otherwise amended after March 1, 2016; and

WHEREAS, the CONTRACTOR agrees to pay its employees providing service under this Agreement the Living Wage in accordance with the LWO requirements as amended; and

WHEREAS, the Agreement is currently is in its first five-year option term; and

WHEREAS, this Agreement is scheduled to be renewed on April 1, 2016, for its second option term; and

NOW, THEREFORE, in consideration of the foregoing recitals, the parties hereto mutually agree that Agreement No. 64424, as previously amended, be modified and amended as follows:

1. **SECTION 2 – TERM OF AGREEMENT** The last paragraph of Section 2(a), as previously amended, is deleted in its entirety and is replaced in its entirety with the following:

Pursuant to the exercise by DIRECTOR of the second five-year extension option under Section 2(b), as of the EFFECTIVE DATE of Amendment No. 6, the term of this AGREEMENT is extended to March 31, 2021, subject to the additional renewal options provided for in Section 2(b).

2. **SECTION 8 – PAYMENTS FOR OPERATION AND MAINTENANCE** beginning the EFFECTIVE DATE of this Amendment No. 6, the sentence immediately before Subsection 8(a) shall be deleted in its entirety and replaced with the following:

Annual Operation and Maintenance payments to the COUNTY shall be \$200,000, plus the greater of:

3. **SECTION 29A – TAXES AND ASSESSMENTS**, is amended to add Subsection 29A (a) as follows:

(a) CONTRACTOR may report 100 percent of its total possessory interest tax obligation as a deduction from the amount of total revenue collected for the purpose of calculating its payments to the County in accordance with Section 8(b) as previously amended.

4. **SECTION 45 – MAINTENANCE OF COUNTY OWNED, CONTRACTOR OPERATED PREMISES** is amended to include new subsections (a-d) that read as follows:

(a) CONTRACTOR shall establish and maintain a separate MAINTENANCE FUND with a beginning amount of \$50,000, and \$50,000 annually thereafter, which beginning amount shall be made available for use upon

the effective date of this Amendment 6, and then annually on April 1st of each year thereafter.

- (b) The MAINTENANCE FUND shall be utilized to perform airport maintenance activities as directed or approved by the Director. CONTRACTOR is not authorized to utilize funds from the MAINTENANCE FUND except with prior written approval of the Director.
- (c) Unspent funds within the MAINTENANCE FUND within a given budget year shall be added to each succeeding year's budget total and be made immediately available for use. Sample calculation: Surplus funds on March 31, 2017, (end of Year 1) = \$10,000. On April 1, 2017 (beginning of Year 2) the MAINTENANCE FUND will contain \$10,000 Year 1 unspent funds + \$50,000 Year 2 budget= \$60,000 total available funds for Year 2.
- (d) A total of \$250,000 shall be deposited into the MAINTENANCE FUND over the five-year option period that this Amendment authorizes (\$50,000 x 5 years = \$250,000). Any balance remaining within the MAINTENANCE FUND at the end of the Agreement term shall be paid to COUNTY for continued maintenance of its airports.

- 5. **SECTION 52A — COMPLIANCE WITH LIVING WAGE PROGRAM** is deleted in its entirety and is replaced in its entirety with Section 52A as provided in Attachment A attached hereto and made a part of Agreement No. 64424.
- 6. CONTRACTOR agrees to pay its employees providing services under the Agreement the Living Wage in accordance with Form LW-1, Los Angeles County Code, Chapter 2.201 - Living Wage Program, Attachment B to this AMENDMENT.
- 7. **SECTION 52M – CONTRACTOR'S EMPLOYEE CRIMINAL BACKGROUND INVESTIGATION** New Subsection 52M is added and incorporated into the Agreement and reads in its entirety as follows:

M. **CONTRACTOR'S EMPLOYEE CRIMINAL BACKGROUND INVESTIGATION**

The Contractor shall be responsible for ongoing implementation and monitoring of the following for each Contractor employee or agent providing service who is in a designated sensitive position, as determined at the sole discretion of the Director, under this Agreement, including, but not limited to, vehicle operators, supervisors, and Subcontractor employees (collectively referred to as "Contractor Employees"):

1. Each Contractor Employee shall undergo and pass a criminal background investigation prior to starting work under this Agreement. The Contractor shall conduct additional criminal background investigations of all Contractor Employees every two years and upon request of the County at its sole discretion. The background investigation shall include criminal conviction information from an agency or entity acceptable to County such as local law enforcement or Live Scan from the California Department of Justice. The cost of background checks is the responsibility of the Contractor.
  2. No Contractor Employee shall have a criminal conviction record, including a guilty plea or a finding of not guilty by reason of insanity and Contractor shall be under a continuing obligation to immediately remove any Contractor Employee having a criminal conviction record, including a guilty plea or a finding of not guilty by reason of insanity. Contractor may only make an exception to this requirement if Contractor determines that there were mitigating circumstances or that the conviction is not related to the Contractor Employee position and that the Contractor Employee poses no threat or risk to the County or public.
  3. Disqualification of any Contractor Employee pursuant to this section shall not relieve Contractor of its obligation to provide services in accordance with the terms and conditions of this Agreement.
  4. The Contractor shall annually submit to the Contract Manager a certificate of compliance attesting that each Contractor Employee is eligible for employment under this Agreement according to the requirements outlined in Sections 1 and 2.
  5. The cost associated with satisfying the requirements of this Section 52M may be deducted from the monthly payments required under Section 8 as amended.
8. **SECTION 52N – COUNTY CONTRACT DATABASE/CARD** New Subsection 52N is added and incorporated into the Agreement and reads in its entirety as follows:

N. **COUNTY CONTRACT DATABASE/CARD**

The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may

be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

9. **SECTION 520 – DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PREFERENCE PROGRAM** New Subsection 52O is added and incorporated into the Agreement and reads in its entirety as follows:

O. **DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PREFERENCE PROGRAM**

- A. This Agreement is subject to the provisions of the County's ordinance entitled Disabled Veteran Business Enterprise Preference (DVBE) Program, as codified in Chapter 2.211 of the Los Angeles County Code.
- B. Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a DVBE.
- C. Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a DVBE.
- D. If Contractor has obtained certification as a DVBE by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:
  - a. Pay to the County any difference between the Contract amount and what the County's costs would have been if the Contract had been properly awarded.
  - b. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent of the amount of the Contract.
  - c. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of

Contractor Nonresponsibility and Contractor Debarment).

- E. The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the State and Public Works of this information prior to responding to a solicitation or accepting a Contract award.

10. **SECTION 50 – ACCOUNTING RECORDS** is amended to add Subsection (a) and reads as follows:

- (a) CONTRACTOR shall submit to DIRECTOR an audited profit and loss statement for Calendar Year 2015 containing revenue and expense data for the operations and maintenance of COUNTY's system of airports, in conformity with generally accepted auditing principles, within 120 days of the Effective Date of Amendment 6. By June 1st of each year thereafter CONTRACTOR shall perform a financial review of the prior Calendar Year's profit and loss statements containing revenue and expense data for the operations and maintenance of COUNTY's system of airports, and submit the reviewed profit and loss statement to DIRECTOR. In the event CONTRACTOR is notified in writing by DIRECTOR of any ambiguity or anomalies causing concern for accurate reporting of financial information, DIRECTOR may require CONTRACTOR to provide additional financial information regarding revenue and expense data for the operations and maintenance of COUNTY's system of airports.

11. **SECTION 64 – MARKETING AND COMMUNITY EVENTS** is added as a new Section to the AGREEMENT and reads as follows:

64. **MARKETING AND COMMUNITY EVENTS**

- (a) CONTRACTOR shall establish and maintain a separate MARKETING FUND with a beginning amount of \$65,000, and \$65,000 annually thereafter, which beginning amount shall be made available for use upon the effective date of this Amendment 6, and then annually on April 1st of each year thereafter.
- (b) Use of these funds shall be for the express purposes of 1) advertising the products and services that are available at the County airports, and 2) producing aviation-themed events at each of the five County airports at least annually and that are open to the general public at no cost. CONTRACTOR shall obtain Director's

prior approval of all marketing activities and materials where the MARKETING FUND will be used to pay the expenses of those activities.

- (c) Unspent funds within the MARKETING FUND within a given budget year shall be added to each succeeding years budget total and be made immediately available for use. Sample calculation: Surplus funds on March 31, 2017, (end of Year 1) = \$10,000. On April 1, 2017, (beginning of Year 2) the MARKETING FUND will contain \$75,000: \$10,000 Year 1 unspent funds + \$65,000 Year 2 budget.
- (d) A total of \$325,000 shall be deposited into the MARKETING FUND over the five-year option period that this Amendment 6 authorizes (\$65,000 x 5 years = \$325,000). Any balance remaining within this fund at the end of this option period shall be paid to County for continued marketing of its airports.
- (e) By April 10th annually, CONTRACTOR shall submit to Director for approval its proposed allocation of marketing funds for each airport facility.

12. **SECTION 65 – LABOR LAW COMPLIANCE** is added as a new Section to the AGREEMENT and reads as follows:

68. **LABOR LAW COMPLIANCE**

Contractor, its agents, and employees shall be bound by and shall comply with all applicable provisions of the Labor Code of the State of California as well as all other applicable Federal, State, and local laws related to labor including compliance with applicable prevailing wage laws. The Contractor is responsible for selecting the classification of workers, which will be required to perform this service in accordance with the Contractor's method of performing the work and when applicable, is required to pay current prevailing wage rates adopted by the Director of the Department of Industrial Relations. Contractor shall comply with Labor Code, Section 1777.5, with respect to the employment of apprentices.

13. It is mutually understood and agreed that all other terms and conditions and provisions of the original Agreement No. 64424 and its previous amendments shall remain in full force and effect, except as herein expressly modified.

IN WITNESS WHEREOF, the COUNTY has, by order of its Board of Supervisors, caused these presents to be subscribed by the Director of Public Works, and the CONTRACTOR has subscribed its name by and through its duly authorized officers, as of the day, month, and year first written above.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Director of Public Works

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By \_\_\_\_\_  
Deputy

AMERICAN AIRPORTS  
CORPORATION

By \_\_\_\_\_  
Its President

\_\_\_\_\_  
Type or Print Name

By \_\_\_\_\_  
Its Secretary

\_\_\_\_\_  
Type or Print Name